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ABSTRACT

Appropriate Solutions, Inc. (ASI), the Job Training Partnership Act (JTPA) follow-up data collection contractor for the state of Ohio, reviewed "JTPA: Another Federal Training Fraud," issued by the CATO Institute. ASI found the report exceptionally shallow and unquestionably misleading. The report appeared to be unaware of the mandated 13-week follow-up of JTPA terminees, the complicated performance standards process in place, and the strong movement toward establishing a professional credentialing program. ASI also found that the majority of the research and examples cited came from secondary analysis of other reports. One of ASI's specific complaints was that the report cited specific data as truthful and factual with which ASI simply disagreed. In contrast with the report, ASI found the following: (1) the program in Ohio resulted in reduced reliance on public assistance; (2) the increase in employment was more important than the low salaries at which JTPA participants started; (3) getting participants even a temporary job was an accomplishment; (4) JTPA increased employment and did not increase unemployment; and (5) preparation of people to do their own successful job hunting was an objective of the program and should not be regarded as a negative. (YLB)

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The Cato Institute Report

An Inaccurate Portrayal of JTPA

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Appropriate Solutions, Inc. has been the JTP follow-up data collection contractor for the State of Ohio since follow-up was begun in 1986. Over the past 3 1/2 years we have interviewed over 30,000 persons who have had contact with Ohio's JTP programs. We have also interviewed over 1,000 employers of JTP participants.

Because of the unique and independent perspective that we have of this process, JTP Ohio has asked us for our reactions to *JTPA: Another Federal Training Fraud* written by James Bovard and issued by the CATO Institute. [1]

Mr. Bovard cites numerous examples of problems with the system and how it is operated. He concludes "[t]he rational solution is to abolish JTPA." [2]

Throughout the report, numerous examples are cited of claimed widespread abuse, misfeasance and malfeasance.

I have no doubt that some of the examples cited are cases of abuse, but feel from my knowledge of the program that many others are instances of using the maximal latitude within the defined rules.

My overall opinion is that the report is exceptionally shallow and unquestionably misleading.

Evaluation of JTPA

Mr. Bovard gives little indication that he is aware of the Department of Labor's (DOL) mandated 13 week follow-up of JTP terminees which has been conducted since 1986. He gives no indication that he is aware that many states exceed the minimum requirements for this evaluation and indeed that some states are going far beyond the requirements by conducting their own 6 month, 9 month and even 12 month assessments.

Mr. Bovard seems to be ignorant of the complicated performance standards process that is in place and constantly under review and improvement.

Mr. Bovard makes no mention of The Partnership for Employment and Training Careers and their strong movement toward establishing a professional credentialing program.

Mr. Bovard's report includes 97 cited references. It appears the majority of the research and examples cited come from secondary analysis of other reports. There is no indication that Mr. Bovard's conducted any interviews with persons who had participated in JTP programs.

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1 Bovard, James. *JTPA: Another Federal Training Fraud.* Policy Analysis 131. CATO Institute, Washington, D. C., March 27, 1990.

2 *ibid.*, page 20.

While 50 or so problems are discussed in the report, the reader is left with absolutely no perspective of the job training system. The nationwide budget in 1990 for JTPA is $3.8 billion. Ohio's share of this is $124 million. The 30 Service Delivery Areas in Ohio have over 500 service providers each offering from 1 to 20 programs.

We get a number of complaints about those programs. We also get compliments. Overall, our assessment is that in terms of meeting the needs of the participants, the JTPA programs experience a normal curve. A small number of participants experience incompetence, abuse and fraud. A small number of participants have their lives totally turned around by their participation. Most fall somewhere in between being helped to a greater or lesser extent.

I quote from a handwritten letter sent to me in August of 1988:

> *My son, [his name], passed away June 14. Maybe I can be of some service. He was very pleased with the help he received from you & was very happy in his new job. Thank you very much for giving him the opportunity to come out here. The last few weeks of his life were happy ones, & we appreciated having him here.*
>
> *Thank you.*

Mr. Bovard would like the reader of his report to believe that the JTPA Program is nothing from start to finish but a fraud. There is no question but that the programs can and should be improved. There is a cost to running JTPA. Mr. Bovard fails to tell his readers that there is also a cost to abolishing it. The letter above is one of them. There are others.

Inaccurate "Facts"

The title of this section seems on the surface to be a contradiction in terms. However, Mr. Bovard has cited specific data as truthful and factual with which we in Ohio simply disagree. Our data show a different picture.

> *The Labor Department's inspector general found that young JTPA trainees are more than twice as likely to receive food stamps after training.* [3]

My first question is what is a young JTPA trainee? My second question is what are we being told? I think the intent of this quote is to leave the reader with the impression that JTP increases food stamp reliance.

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3 *ibid.*, page 1.

Keep in mind that the food stamp program has different eligibility requirements than does General Relief, for instance, and is available to help families and individuals with an important necessity of life as they transition to self sufficiency or weather a personal financial crisis.

Based on 2,839 interviews with JTP participants in the first six months of Program Year 1989 (PY89), we found that overall, 34% of our respondents were receiving food stamps 13 weeks after they left the program.

Looking further, we found that 16% of those people who were NOT receiving any public assistance when they entered JTP were getting food stamps 13 weeks after the program. However, and this is very important to note, 41% of the people who were receiving public assistance when they entered the program WERE NOT getting food stamps 13 weeks after leaving.

> *Although JTPA was launched partly in order to help people get off welfare, it has totally failed to reduce welfare dependency among young people and has led to only a 5 percent decrease in welfare dependency among adults, according to the Labor Department's inspector general.* [4]

Of the terminees NOT receiving Aid to Dependent Children (ADC) when they entered the program, 5% were receiving it 13 weeks after leaving the program. Of the terminees receiving ADC when they entered the program, 50% WERE NOT receiving it 13 weeks after the program ended.

Of the terminees NOT receiving General Relief (GR) when they entered the program, 2% were receiving it 13 weeks after leaving the program. Of the terminees receiving GR when they entered the program, 61% WERE NOT receiving it 13 weeks after the program ended.

Our research shows that the program in Ohio is resulting in reduced reliance on public assistance.

> *Most JTPA graduates earn less than $5 an hour on their first subsequent job. . .The Labor Department's inspector general concluded that completion of a JTPA training or job search program had resulted in an increase in pay of only 20 cents an hour for the 50% of the trainees that had managed to still be employed 13 weeks later. The hourly wage of workers between the ages of 35 and 44 was 36 cents lower after training, and the hourly wage of workers age 45 and above was $1.35 lower.* [5]

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4 *ibid.*, page 17.

5 *ibid.*, page 16.

The important thing is to get many of these people into jobs and developing good work habits. For many of these people, this means starting at the bottom, but hopefully in a job that has more of a future than what they had been in before.

Our data from the first six months of PY89 shows average earnings of $5.95 in the first job post-termination with no average wage increase over the first 13 weeks after leaving the program.

A survey of employers we conducted in PY88 showed average raises over the first year of employment to be $1.09 an hour, a 19% increase over their starting wage. Since the first 90 days to 6 months in different companies is a probationary period, one should expect no raises in 13 weeks.

The percentage of Ohio participants who have a job when they end the program is 67%. Of those who had a job at termination, 78% were still employed 13 weeks later. Our survey of employers showed that approximately a year later 52% were still with the original employer.

> *Thanks to JTPA, departments of education and school districts have been able to profit from their failure to educate their students. The Mississippi Department of Education made a 23 percent profit off its 1987 contract to provide remedial education to participants in a JTPA Summer Youth Employment Program (even though it was partly the department's fault that they had learned so little in school)...* [6]

This statement addresses a serious problem, but in discussing it this way, Mr. Bovard misses an opportunity to review the failures of the American educational system and the fact that a program such as JTPA would be much less necessary if education did its job.

Cries for educational reform are being encountered throughout the country. Educational deficits among JTP participants are significant. Any employment training program has to deal with those deficits and that has to include involvement with the public education system.

The National Alliance of Business has a Corporate Action Agenda which is a program designed to improve corporate involvement in the educational process.

> ***While the cost of education is high, the cost of preventable problems and educational failure is even higher. As reported by the Carnegie Council on Adolescent Development, each year's class of dropouts costs the nation about $260 billion in lost earnings and foregone taxes. Unemployment rates for high school dropouts are more than twice those of high school graduates. Each***

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6 *ibid*, page 14.

> *added year of education reduces the probability of welfare dependency in adulthood by 35%. Quality education similarly reduces other social costs -- crime, drug abuse, teen pregnancy, and the related losses in productivity.* [7]

While educational reform is dealing with graduating more and better educated students tomorrow, programs such as JTPA must cope with the inadequacies of today and yesterday. This is part of the societal context within which JTP must function.

> *Some PICS have paid employment agencies to place applicants in temporary jobs, then claimed credit for the placements. Considering that most JTPA applicants are high-school graduates and have previous work experience, getting them temporary jobs is not great achievement in any case.* [8]

Three comments on this statement -- first, placements to temporary agencies are not encouraged in Ohio.

Second, being a high school graduate today is not equivalent to what it was 30 years ago. The days when a high school diploma was enough to obtain a decent job are gone. Today, far too many graduates cannot read the diploma.

Three, getting some of these people who are high school graduates a job, temporary or otherwise, is not quite as easy as Mr. Bovard believes.

In the first two quarters of PY89, 25% of our Title IIA sample had not finished high school, 54% had a high school diploma or GED, and 21% had some education post high school.

I received a note from a dissatisfied terminee early in 1987 in which he complained that JTP kept wanting to put him in a remedial education course but that all he wanted was a job. The course was unnecessary. The spelling and sentence construction of his letter clearly indicated a situation of marginal literacy and the wisdom of the JTP action.

I also received the following letter:

> *...I was in the Pre tech program at the University of Cincinnati for 1 year. I did very well. I got all A's and 2 B's. As a result of me going thru pre tech I will be starting college in 3 weeks. In the pre tech program they gave us courses to prepare us for college. The classes were very challenging. If it wasn't for JTPA I would have never gotten the oppurtunity [sic] to attend college. It is my hopes [sic] to get a Masters degree in Special Education. Thru JTPA and Pre-tech*

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7 *Corporate Action Agenda: The Business of Improving Education (Executive Summary).* Washington, D.C.: National Alliance of Business, pg. 3.

8 Bovard, *op. cit.*, page 16.

my dreams are within reach. . . I appreciate everything JTPA has done for me and I will never forget it.

It seems the system does work sometimes.

In 1988 the Labor Department's inspector general found that 47 percent of those who had completed JTPA training programs were unemployed four and a half months later, which means that the unemployment rate for JTPA graduates was almost 10 times as high as the rate for all American workers. [9]

On the surface, this is a bleak statement. The reader has to understand, however, that eligibility for JTP services is based on income. Most applicants are unemployed, and the balance underemployed. That means that the unemployment rate for JTP eligible individuals approaches 100%. Mr. Bovard has attempted to make JTPA look like it is increasing unemployment at an alarming rate by quoting two unemployment rates which are apples and oranges.

In the Ohio 13 week survey this year, 78% of the terminees who had a job when they left the program were employed 3 months later while 30% of those who did not have a job when the left the program were working 3 months later.

The Oregon Consortium, a JTPA job training agency in Portland, claimed that its program had a placement rate of 67 percent. But the inspector general determined that 28 percent of the trainees surveyed had found jobs on their own, so there was no basis for JTPA to claim that it had been responsible for finding them jobs. [10]

That fact must be very distressing for the organizations which are running programs that are intended to help people take interviews, improve work attitudes, write better resumes, etc. -- all so that these people become better able to go find their own jobs.

With the many different services that are offered to the participants, knowing for certain what helped and what did not help can be difficult. A counseling session or assessment may have had an effect that paid off in a person finding their own job. But preparing people to do their own successful job hunting is one of the objectives of the program and is NOT something that is supposed to be viewed as a negative.

Our survey found that 92% of the people who found their own job would recommend JTPA to a friend. 87% of those who received job search services would recommend JTPA.

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9 *ibid.*, page 16.

10 *ibid.*, page 16.

For those persons who were employed during the 13 week follow-up period, we asked how much the JTPA service they received had helped them in that job. Overall, 36% said it had helped a great deal. That dropped to 29% of those who had only received a job search service -- not surprising since this service does not in general provide any job specific training. We found that 47% of those who had been in a classroom training program felt it helped a great deal on that job. That was consistent whether JTPA played a direct role in their placement or whether the person found their own job.

Conclusion

Mr. Bovard's report is replete with anecdotal references and statistical inferences all designed to support his conclusion that "[t]he rational solution is to abolish JTPA."

I have relied upon our most current data collected for the mandated follow-up survey to counter many of his data-based statements and conclusions which I believe are specious for his purposes but spurious in reality.

Such scholarship is unfortunate because not everything Mr. Bovard has discussed should be ignored. This is a $4 billion program which does have its problems which should be fixed. Unfortunately, Mr. Bovard has not acknowledged the many efforts at the national, state and local levels to do just that.

He has presented a picture of JTPA that does not acknowledge the program's social context -- educational problems; child care, health and transportation difficulties; local economic problems; and many others. By the report's myopia, hyperbole, innuendo and inaccurate inference, the reader is led to believe in a totally fraudulent JTPA which in reality exists only within the mind of the report's author. That is not what this program is in Ohio, nor, do I believe, around the country.

The basis for my observations has been our interviews with the people for whom this program was intended to serve. They should be the ones with the last word.